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2016 FY Kern River Watershed Coalition Authority (KRWCA) Financial Policies

A. *Reserve Policy*

Due to variability of annual costs, KRWCA wishes to maintain reserves in order to buffer the variability and fund unanticipated or unexpected costs. KRWCA Financial Policies will be reviewed annually by the Board.

The Executive Committee, Finance Committee and staff have reviewed the KRWCA Finances and have completed a cash flow analysis. The following were considered: 1) Minimum cash balance; 2) Capital reserve, and 3) Unrestricted reserve. The cash-flow analysis identified approximately \$2.3M; \$1,000,000 of cash and \$1,300,000 that will be used to maintain an Unrestricted Reserve. At this time it is proposed that KRWCA manage a sufficient amount to fund Coalition activities and will not collect funds for a reserve.

Capital Reserve: Following last year's recommendation, and with no additional information regarding imminent capital project needs, it was determined that landowners/members would rather have capital costs covered on a pay as you go basis. Therefore, KRWCA will NOT be developing a Capital Reserve Fund for future monitoring well installation. Installation of wells will be paid for by landowners/members at the required time. NOTE: This may require the need for a significant increase in acreage fees at the time of well installation. This may also foreclose our ability to have financing options in the future.

Unrestricted Reserve: Has been established to ensure that the Coalition can fund unanticipated costs without requiring a supplemental bill to members.

Recommendation: The Committee and Staff recommend that reserves be set at the levels shown in the Summary of KRWCA Reserves:

SUMMARY OF KRWCA RESERVES

ASSET ALLOCATION	Prior Year	Recommendation	Difference
Cash Balance	\$0	\$1,000,000	\$1,000,000
Capital Reserve	\$0	\$0	\$0
<u>Unrestricted Reserve</u>	<u>\$950,000</u>	<u>\$1,300,000</u>	<u>\$350,000</u>
Total:	\$950,000	\$2,300,000	\$1,350,000



B. KRWCA Fee Schedule

2016 Fee Schedule	
New Membership (eNOI process):	Applicable Acreage Fees (after 8/4/2014 for all program years land was farmed) & applicable CVRWQCB Fees
Annual Membership Fee:	\$100
General Order Fee:	\$50
Membership/Parcel Transfer Fee:	\$200 per membership being transferred from (if transferor is a member of KRWCA and/or parcel is already enrolled as irrigated acres)
Enrolled as "0" irrigated acres:	No acreage fee
"0" acres now irrigated acres:	Applicable Acreage Fees at time of conversion/enrollment as irrigated acres.

C. Annual Review of Policies

KRWCA Financial Policies will be reviewed annually by the Board.

Approved 11/05/2015